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July 3, 2007

**Via Email Only**

Frank W. Gay, President  
HR Mutual Water Company  
[BG@nutracorp.com](mailto:BG@nutracorp.com)

**Re: Priority Cutback on HR Mutual Water Company Water Rights**

Dear Mr. Gay:

At the request of Mr. Weber, we have investigated the notice received verbally from the Deputy Weber River Water Commissioner, Terry Murphy, that the water rights on the Weber River which are 1875 and junior to that date (water rights originating on more recent dates than 1875) are subject to regulation and are now as of, July 2, 2007, not allowed to be used or diverted from the Weber River or its headwaters, including East Canyon Creek. The water rights of the HR Mutual Water Company originated in 1875. The Company is therefore required to discontinue the use of all East Canyon stream water until further notice.

Water rights which originated prior to 1875 are still being allowed to divert water from East Canyon Creek; however, because of the rapid declines in the availability of surface water, the Weber River Commissioner expects that further priority cutbacks will occur requiring curtailment of use perhaps to water rights originating as early as 1860.

This condition is caused by the extreme lack of snow and precipitation which has caused very substantially reduced stream flows. The entire Weber River system is subject to the priority curtailment of use. This curtailment of use will occur until further notice and any use of the water under the HR Mutual Water Company water rights or water rights owned by lot owners in Holiday Ranch under 35-8449, 35-8450 or 35-8452 will be considered an illegal use and will be subject to prosecution.

Frank W. Gay , President  
HR Mutual Water Company  
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The priority curtailment of water use does not affect the Park Meadows Golf Course. The Park Meadows Golf Course has a separate contract with Park City Municipal Corporation which requires Park City to deliver specific quantities of water to the golf course without regard to priority curtailment of use in the Weber River system. Park City has sources of water available to it which are not subject to the regulation of the ?-Weber River Water Commissioner and that water is being delivered to the Park Meadows Golf Course for its use. The Park Meadows Golf Course may legally use the water and may initiate prosecution against anyone who illegally diverts water intended for the Park City Meadows Golf Course.

I will contact you if I receive further information from the State Engineer's office or the Weber River Water Commissioner.

Very truly yours,

PARSONS KINGHORN HARRIS  
A Professional Corporation



Gerald H. Kinghorn

GHK/jld  
Enclosure (as stated)  
cc: Richard Weber (via email only)  
Paul Marsh (via email only)